

## Frequently Asked Questions Regarding Your Health Coverage

### ***What is COBRA?***

COBRA is a Federal Law offering an opportunity to temporarily continue the same group benefits after your group coverage has terminated for certain reasons.

### ***Who is Anthem COBRA?***

Anthem COBRA is a COBRA administrator for participating employers and carriers. Anthem COBRA assists participating employers and carriers in complying with the Federal COBRA guidelines in regard to their group health plans.

### ***What if I am on Medicare right now?***

If your Medicare coverage was in effect prior to electing COBRA, then you may continue both coverages.

### ***When does COBRA coverage become effective?***

COBRA is effective one day after your benefits termination date, pending the receipt of a timely election and payment.

### ***How long will COBRA continue?***

The length of your COBRA continuation coverage (18, 29, or 36 months) will depend on the Qualifying Event which is further defined in the "Additional Information" on the next pages as long as continued eligibility requirements are met. However, in most cases, if applicable, your Flexible (Healthcare) Spending Account will end on the last day of the Plan year in which the qualifying event occurred.

### ***When will my insurance companies show me active for benefits?***

Once Anthem COBRA receives and processes your election and full payment, Anthem COBRA will then forward your information. Your insurance company will update your eligibility which may take up to 30 days from receipt of the payment.

### ***What if I need medical services before my coverage is effective?***

You may be required to pay for services out of pocket during your re-enrollment period. If so, you may contact your insurance company for possible reimbursement procedures once your coverage is effective.

### ***Who pays for claims incurred?***

Your insurance company, i.e. Blue Cross Blue Shield, CIGNA, United Healthcare, etc. Anthem COBRA does not pay claims.

### ***How do I get my claims paid?***

You must submit any claims directly to your insurance company. Claims incurred can only be paid if you have made timely COBRA premium payments through the period in which services were rendered.

### ***Will my coverage change?***

You will be offered the same coverage you had the day before you lost your benefits, subject to changes made to the group health plan for employees who have not had a qualifying event.

### ***Will I receive new insurance cards?***

You may need a new card if you are a dependent losing coverage. You will need to contact your insurance company for additional cards. Anthem COBRA does not issue insurance cards.

### ***What is a timely payment?***

Payments must be postmarked by the U.S. Postal Service on or before the applicable grace date noted on your invoice. If your payment is not postmarked by the applicable grace date, coverage will be cancelled with no avenue for reinstatement.

### ***How can I elect COBRA?***

You can elect by the completing and returning the COBRA Enrollment Form which will be mailed to you within 14 business days from the date you lose your benefits.

### ***Why do I have a "Due" date and a "Grace" date?***

Federal law allows you a grace period following your due date to make your payment. If you make a payment later than the first day of the coverage period to which it applies, but before the grace date for the coverage period, your coverage under the Plan may be suspended as of the first day of the coverage period and then retroactively reinstated (going back to the first day of the coverage period) when the periodic payment is received. This means that any claim you submit for benefits while your coverage is suspended may be denied and may have to be resubmitted once your coverage is reinstated.

### ***What if I do not receive an invoice?***

Even if you do not receive an invoice, you are responsible for making your payment by the grace date. If the invoice is not available, simply send your payment to Anthem COBRA with your Account ID#/Social Security Number noted on the check.

### ***How do I make my payments?***

Anthem COBRA accepts personal checks or money orders by mail. You also have the option to pay by phone using a credit card, however, there is a fee involved with this type of transaction.

### ***What is alternative coverage?***

Your sponsoring employer may provide you with a right to elect alternative group health coverage for a period of time instead of the COBRA continuation coverage described in this Notice. If you elect this alternative coverage, you will lose all rights to the continuation coverage described in this notice. You should also note that if you enroll in the alternative group health coverage you lose your right under federal law to purchase individual health insurance that does not impose any pre-existing condition limitations when your alternative group health coverage ends. Please review your options carefully before making your final decision.

**Please refer to the "Additional Information" on the next three pages for more detailed answers about COBRA.**

## ADDITIONAL INFORMATION CONCERNING COBRA RIGHTS

### **A) What is continuation coverage?**

Federal law [Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA)], as amended, requires that most group health plans (including this Plan) give employees and their families the opportunity to temporarily continue their health care coverage when there is a "qualifying event" that would result in a loss of coverage under an employer's plan. Depending on the type of qualifying event, "qualified beneficiaries" can include the employee (or retired employee) covered under the group health plan, the covered employee's spouse, and the dependent children of the covered employee.

Continuation coverage is the same coverage that the Plan gives to other participants or beneficiaries under the Plan who are not receiving continuation coverage. Each qualified beneficiary who elects continuation coverage will have the same rights under the Plan as other participants or beneficiaries covered under the Plan, including, if applicable, open enrollment and special enrollment rights.

**IMPORTANT:** If a qualified beneficiary elects to continue coverage for himself/herself and/or any dependent children who are qualified beneficiaries as described in Section B below, you should submit the COBRA Election Form that will be sent to you in a separate mailing. The Election Form must be completed, signed, and sent to Anthem COBRA, at the address provided on the Form, within 60 days of the date coverage terminates or the date indicated on the enrollment form, whichever is later, and received by Anthem COBRA. If a qualified beneficiary does not send the Election Form to Anthem COBRA within the 60-day time period allowed by Law, the qualified beneficiary will lose rights to continue coverage.

**Note 1:** If you are acting on behalf of an incompetent beneficiary, call Anthem COBRA for assistance.

**Note 2:** Some states offer financial aid to help certain individuals pay for COBRA coverage. Contact your appropriate state agency regarding availability and eligibility requirements.

### **B) Who is a Qualified Beneficiary?**

A qualified beneficiary is any employee, former employee, spouse, or dependent child who was covered under the Plan on the day before the Qualifying Event date shown on the COBRA Election Form. The definition includes a child born to or placed for adoption with a covered employee during the period of COBRA coverage. A child of the covered employee who is receiving benefits under the Plan pursuant to a Qualified Medical Child Support Order (QMCSO) received by the Plan Administrator during the covered employee's period of employment with the employer is entitled to the same rights under COBRA as a dependent child of the covered employee, regardless of whether that child would otherwise be considered a dependent.

### **C) What is a Qualifying Event?**

A Qualifying Event is any of the following events which would cause an employee, former employee, covered spouse, or covered dependent child to lose coverage under the employer's group health plan. These events include:

- (1) Termination of employment (including voluntary resignation, involuntary termination, retirement, or layoff) except for termination due to gross misconduct;
- (2) Reduction of work hours (includes work stoppage [strike] or employee begins leave of absence);
- (3) Death of the employee or retired employee;
- (4) Divorce or legal separation from covered employee; If an employee cancels coverage for his or her spouse in anticipation of a divorce [or legal separation,] and a divorce [or legal separation] later occurs, then the divorce

[or legal separation] may be considered a qualifying event even though the ex-spouse lost coverage earlier. If the ex-spouse notifies the administrator within 60 days after the divorce [or legal separation] and can establish that the employee canceled the coverage earlier in anticipation of the divorce [or legal separation], then COBRA coverage may be available for the period after the divorce [or legal separation].

- (5) Ineligibility of dependent child, due to Plan eligibility definitions;
- (6) When dependents would lose coverage due to employee/retiree becoming entitled to Medicare;
- (7) When a retiree, spouse or child of a retiree loses coverage within one year before or after the commencement of proceedings under Title 11 (bankruptcy), United States Code by the sponsoring employer.

### **D) How long may coverage be continued?**

When the qualifying event is the death of the employee, the employee's becoming entitled to Medicare benefits (under Part A, Part B, or both), your divorce or legal separation, or a dependent child's losing eligibility as a dependent child, COBRA continuation coverage lasts for up to a total of 36 months. When the qualifying event is the end of employment or reduction of the employee's hours of employment, COBRA continuation coverage generally lasts for only up to a total of 18 months. However, if the qualifying event is the end of employment or reduction of the employee's hours of employment, and the employee became entitled to Medicare benefits less than 18 months before the qualifying event, COBRA continuation coverage for qualified beneficiaries other than the employee lasts until 36 months after the date of Medicare entitlement. For example, if a covered employee becomes entitled to Medicare 8 months before the date on which his/her employment terminates, COBRA continuation coverage for his/her spouse and children can last up to 36 months after the date of Medicare entitlement, which is equal to 28 months after the date of the qualifying event (36 months minus 8 months).

There are two ways in which an 18-month period of COBRA continuation coverage can be extended:

#### **Disability extension of 18-month period of continuation coverage**

If you or any other qualified beneficiary in your family who is receiving 18 months of continuation coverage is determined by the Social Security Administration to be disabled and you notify Anthem COBRA in writing in a timely fashion, you and your entire family may be entitled to receive an additional 11 months of COBRA continuation coverage for a total maximum of 29 months. The disability would have to have started at some time before the 60th day of COBRA continuation coverage and must last at least until the end of the 18-month period of continuation coverage. The qualified beneficiary must provide the written determination of disability from the Social Security Administration to Anthem COBRA within 60 days of the latest of the date of the disability determination by the Social Security Administration, the date of the initial qualifying event or the benefit termination date due to the initial qualifying event; and prior to the end of the 18-month COBRA continuation period. You will be required to pay up to 150% of the group rate during the 11-month extension. If the qualified beneficiary is determined by the Social Security Administration to no longer be disabled, you must notify Anthem COBRA of that fact within 30 days after Social Security's determination.

#### **Second qualifying event extension of 18-month period of continuation coverage**

If your family experiences another qualifying event while receiving 18 months of COBRA continuation coverage, the spouse and dependent children in your family can get up to 18 additional months of COBRA

## ADDITIONAL INFORMATION CONCERNING COBRA RIGHTS (Continued)

continuation coverage, for a maximum of 36 months, if notice of the second qualifying event is properly given in writing to Anthem COBRA within the later of 60 days of either the event or the date the qualified beneficiary loses (or would lose) coverage under the plan as a result of the event. This extension may be available to the spouse and any dependent children receiving continuation coverage if the employee or former employee dies, becomes entitled to Medicare benefits (under Part A, Part B, or both), or gets divorced or legally separated, or if the dependent child stops being eligible under the Plan as a dependent child, but only if the event would have caused the spouse or dependent child to lose coverage under the Plan had the first qualifying event not occurred.

However, despite the above, continuation coverage will end earlier than the expiration of the applicable 18, 29 or 36 month period if any one of the following occurs: The continuant fails to pay the required premium in a timely manner; the continuant becomes entitled to Medicare (under Part A, Part B, or both) after electing continuation coverage; the group health coverage provided to the continuant is terminated and the sponsoring employer is not required by COBRA to provide other group health coverage that it maintains, if any; the continuant first becomes, after electing COBRA coverage, covered under another group health plan (as an employee or otherwise) which does not contain any exclusion or limitation with respect to any pre-existing condition of the continuant. Continuation coverage may also be terminated for any reason the Plan would terminate coverage of a participant or beneficiary not receiving continuation coverage (such as fraud). You do not have to prove insurability to be entitled to continuation coverage. However, continuation coverage is provided subject to your (and your family members') eligibility for coverage under the Plan. Your sponsoring employer and the insurer(s) (if applicable) reserve the right to terminate continuation coverage retroactively if you (or a member of your family) are determined to be ineligible for coverage. Once your continuation coverage terminates for any reason, it cannot be reinstated.

### ***E) What coverage(s) may be continued?***

Qualified beneficiaries may continue only those group health coverages that were in effect on the day before the Qualifying Event. The coverage(s) available will be shown on the COBRA Election Form.

### ***F) What is a Timely Election?***

To be considered timely, your election must be either:

(1) Postmarked by the U.S. Postal Service on or before the Election Rights Expiration Date shown on the COBRA Election Form and received by Anthem COBRA, or

(2) Sent by an Express Delivery Service (such as Federal Express, UPS, etc.) with proof of date sent from that service on or before the Election Rights Expiration Date shown on the COBRA Election Form and received by Anthem COBRA.

To elect continuation coverage, you must complete the Election Form and furnish it according to the directions on the form. Each qualified beneficiary has a separate right to elect continuation coverage. For example, the employee's spouse may elect continuation coverage even if the employee does not. Continuation coverage may be elected for only one, several, or for all dependent children who are qualified beneficiaries. A parent may elect to continue coverage on behalf of any dependent children. The employee or the employee's spouse can elect continuation coverage on behalf of all of the qualified beneficiaries. In considering whether to elect continuation coverage, you should take into account that a failure to continue your group health coverage will affect your future rights under federal law. First, you can lose the right to avoid having pre-existing condition exclusions applied to you by other group health plans if you have more than a 63-day gap in

health coverage, and election of continuation coverage may help you not have such a gap. Second, you will lose the guaranteed right to purchase individual health insurance policies that do not impose such pre-existing condition exclusions if you do not get continuation coverage for the maximum time available to you. Finally, you should take into account that you have special enrollment rights under federal law. You have the right to request special enrollment in another group health plan for which you are otherwise eligible (such as a plan sponsored by your spouse's employer) within 30 days after your group health coverage ends because of the qualifying event listed above. You will also have the same special enrollment right at the end of continuation coverage if you get continuation coverage for the maximum time available to you.

### ***G) How much does it cost to continue coverage?***

Generally, each qualified beneficiary may be required to pay the entire cost of continuation coverage. The amount a qualified beneficiary may be required to pay may not exceed 102 percent (or, in the case of an extension of continuation coverage due to a disability, 150 percent) of the cost to the group health plan (including both employer and employee contributions) for coverage of a similarly situated plan participant or beneficiary who is not receiving continuation coverage. The required payment for each continuation coverage period for each option is described in the COBRA Election Form. The amount charged for continuation coverage may be adjusted due to changes in coverage. In addition, even in the absence of any changes in coverage, amounts charged for continuation coverage may change on a yearly basis or as otherwise permitted by applicable law. The Trade Act of 2002 created a new tax credit for certain individuals who become eligible for trade adjustment assistance and for certain retired employees who are receiving pension payments from the Pension Benefit Guaranty Corporation (PBGC) (eligible individuals). Under the new tax provisions, eligible individuals can either take a tax credit or get advance payment of 65% of premiums paid for qualified health insurance, including continuation coverage. If you have questions about these new tax provisions, you may call the Health Coverage Tax Credit Customer Contact Center toll-free at 1-866-628-4282 (TTD/TTY callers may call toll-free at 1-866-626-4282) or go to this Web site: <http://www.irs.ustreas.gov> **Keyword: HCTC**

### ***H) When does COBRA continuation coverage begin?***

Continuation coverage begins on the day after the date that coverage would otherwise terminate, only if the election is timely made, and all other eligibility requirements are satisfied.

### ***I) When are premium payments due?***

If you elect continuation coverage, you do not have to send any payment with the Election Form. However, you must make your first payment for continuation coverage not later than 45 days after the date of your election (this means within 45 days after the date your Election Form is postmarked). Payments should be mailed to Anthem Blue Cross and Blue Shield, Department L-1975, P O Box 600001, Columbus, OH 43260-1975. If you do not pay the amount specified in your COBRA Election Form in full within 45 days after the date of your election, you will lose all continuation coverage rights under the Plan and your coverage will terminate. You are responsible for making sure that the amount of your first payment is correct. You may contact Anthem COBRA to confirm the correct amount of your payment. After you make your first payment for continuation coverage, you will be required to make monthly payments for each subsequent coverage period. The monthly invoice indicates a grace period measured from the due date

## ADDITIONAL INFORMATION CONCERNING COBRA RIGHTS (Continued)

for each monthly premium during which payment may be made. The grace period is defined by the group health plan (usually 30 days). You will receive new payment coupons each year. However, remember that you are responsible for paying the full premium on time even if you do not have a payment coupon. If you make a periodic payment on or before the first day of the coverage period to which it applies (the due date), your coverage under the Plan will continue for that coverage period without any break. Although periodic payments are due on the first day of each coverage period, you will be given a grace period (usually 30 days) to make each periodic payment. The grace period is defined by the group health plan. Your continuation coverage will be provided for each coverage period as long as payment for that coverage period is made before the end of the grace period for that payment. However, if you pay a periodic payment later than the first day of the coverage period to which it applies, but before the end of the grace period for the coverage period, your coverage under the Plan may be suspended as of the first day of the coverage period and then retroactively reinstated (going back to the first day of the coverage period) when the periodic payment is received. This means that any claim you submit for benefits while your coverage is suspended may be denied and may have to be resubmitted once your coverage is reinstated. Your first payment and all periodic payments for continuation coverage should be made payable to "Anthem COBRA Services" and should be sent to Anthem Blue Cross and Blue Shield, Department L-1975, P O Box 600001, Columbus, OH 43260-1975. Include the name and Acct ID#/Social Security Number of the person covered on each check. If full payment is not timely made (see below) on or before each grace period expiration date, coverage will be cancelled and you will lose all rights to continuation coverage under the Plan. If you wish to send a check with your election, please ensure the check is signed, properly dated, made payable to "Anthem COBRA Services", and written in the total amount required to fully pay your first premium (as described above).

### **J) What is a Timely Payment?**

To be considered a timely payment, your premium payment must be either:

- (1) postmarked by the U.S. Postal Service on or before the applicable grace period expiration date, and received by Anthem COBRA, or
- (2) sent by an express delivery service (such as Federal Express, UPS, etc.) — with proof of date sent from that service on or before the applicable grace period expiration date, and received by Anthem COBRA.

**Note 3:** Your premium is due on the "due date" shown on your invoice. If you wait until the end of the grace period to pay, you risk not having sufficient time to correct errors which may or may not be within your control (such as unsigned checks, incorrect payment amounts, premiums sent to the wrong address, or late/missed pickups by the U.S. Postal Service). In such cases, your coverage will be cancelled with no possibility of reinstatement. For these reasons, we recommend that you send in your premium payment(s) prior to the "due date."

### **K) When will claims become payable?**

Claims become payable for each period of coverage only after a premium payment for the coverage period has been made. Claims payment may be delayed and prescription cards not reactivated for a period of up to 30 days because of the time required to process your initial premium payments by Anthem COBRA and to notify both your sponsoring employer and your group insurance carrier(s).

**DO NOT SEND CLAIMS TO ANTHEM COBRA.** Anthem COBRA does not pay claims. If you have any questions about claims incurred within 30 days of receipt of your initial premium payment, please contact your sponsoring employer. Otherwise, contact the claims office indicated on your claims form. If premium payments are not made in a timely manner, coverage will be cancelled retroactively, and claims incurred during the period for which premiums were not paid will not be paid by the carrier.

### **L) For More Information**

This notice does not fully describe continuation coverage or other rights under the Plan. More information about continuation coverage and your rights under the Plan is available in your summary plan description or from the Plan Administrator.

If you have questions concerning your COBRA continuation coverage rights or information in this Notice, contact Anthem COBRA at the address or number listed below. For a copy of your summary plan description, or if you have questions concerning your Plan, contact the Plan Administrator of your sponsoring employer.

For more information about your rights under ERISA, including COBRA, the Health Insurance Portability and Accountability Act (HIPAA), and other laws affecting group health plans, contact the U.S. Department of Labor's Employee Benefits Security Administration (EBSA) in your area or visit the EBSA Web site at [www.dol.gov/ebsa](http://www.dol.gov/ebsa). (Addresses and phone numbers of Regional and District EBSA Offices are available through EBSA's Web site.)

### **M) Keep Your Plan Informed of Address Changes**

In order to protect your family's rights, you should keep the Plan Administrator and Anthem COBRA informed of any changes in the addresses of family members. You should also keep a copy, for your records, of any notices you send to either the Plan Administrator or Anthem COBRA.

### **Contact Information:**

If you have any questions concerning the information in this notice or your rights to coverage, or if you need Spanish-language assistance to understand this document, you may request it at no additional cost by contacting Anthem Blue Cross and Blue Shield COBRA Department at 1-866-800-2272 [*Si usted necesita ayuda en español para entender éste documento, puede solicitarla gratis llamando al número de servicio al cliente: 1-866-800-2272*]. Anthem COBRA office hours are Monday - Friday 8 a.m.-5 p.m. EST.